

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 IO-11 ISO-00 STRE-00 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

STR-04 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 FEAE-00

OMB-01 XMB-02 OPIC-03 AF-06 EA-07 EUR-12 NEA-10 OIC-02

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R 091430Z APR 76

FM USDEL MTN GENEVA

TO SECSTATE WASHDC 1376

AMEMBASSY MEXICO CITY

LIMITED OFFICIAL USESECTION 1 OF 2 MTN GENEVA 2762

H PASS CODEL

PASS STR FOR INFO

E.O. 11652: N/A

TAGS: ETRD MTN

SUBJECT: MTN TROPICAL PRODUCTS CONSULTATIONS - MEXICO

REF: MTN GENEVA 9383 (1975)

1. SUMMARY. U.S. MTN DEL (CULBERT, GRAEF) HELD BILATERAL CONSULTATIONS WED, APRIL 7, WITH MEXICO MTN DEL, ABEL GARRIDO. U.S. DEL ENUMERATED SPECIFIC MAXIMUM MFN TARIFF CONCESSIONS IT WILLING NEGOTIATE IN TROPICAL PRODUCTS (TP) GROUP AND PRESENTED MEXICAN DEL WITH U.S. LIST OF CONTRIBUTIONS THAT IT IS SEEKING FROM MEXICO IN TP NEGOTIATIONS. MEXICAN DEL NOTED THEY WERE ONLY INTERESTED IN U.S. CONCESSIONS FOR PRODUCTS ON MEXICAN REQUEST LIST, AND EXPRESSED OPINION TRADE-
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CREATING VALUE TO U.S. OF ITS REQUEST LIST WOULD FAR EXCEED

TRADE-CREATING VALUE TO MEXICO OF U.S. OFFERS. THEY UNDER-TOOK HOWEVER, TO EVALUATE BOTH U.S. OFFER AND REQUEST IN MORE DETAIL AND WOULD COMMUNICATE FURTHER WITH U.S. MTN DEL. ALTHOUGH GARRIDO REITERATED WELL KNOWN MEXICAN POSITION OF END OF DAY CONTRIBUTIONS, HE DID NOT EXCLUDE POSSIBILITY OF BILATERAL RESPONSE NOR DID HE EXCLUDE POSSIBILITY OF RESPONDING TO REQUESTS FOR LICENSING CONCESSIONS. END SUMMARY

2. DURING VISIT TO GENEVA OF HEAD OF MEXICO'S MTN DELEGATION, ABEL GARRIDO ZUIZ, US MTN DEL INITIATED ADDITIONAL ROUND OF BILATERAL TP CONSULTATIONS TO ELABORATE ON US TP OFFER AND TO PRESENT US REQUESTS FOR SPECIFIC LDC CONTRIBUTIONS TO TP NEGOTIATIONS. MTN DEL INDICATED THE MAXIMUM MFN TARIFF CONCESSIONS THE U.S. WAS WILLING TO NEGOTIATE ON EACH OF THE ITEMS OF TRADE INTEREST TO MEXICO. US DEL NOTED THAT ESTIMATED TRADE VALUE OF 66 PRODUCTS OF INTEREST TO MEXICO ON US'S GLOBAL OFFER (7 OF WHICH WERE AMONG THE 25 PRODUCTS ON MEXICO'S REQUEST LIST) WAS BETWEEN \$65-71 MILLION IN 1974 TRADE, DEPENDING UPON VALUES ASSIGNED TO NEW TARIFF CATEGORIES TO BE ESTABLISHED THROUGH EX-OUTS. US DEL NOTED IT HOPED REACH AGREEMENT WITH MEXICO AT SOME STAGE ON THE TRADE VALUE OF ITS TP OFFER TO MEXICO. IN RESPONSE TO QUESTION, U.S. DEL INDICATED ITS INTENTION TO BIND ITS MFN DUTY REDUCTIONS, NOTING THAT THIS RELATED TO IMPLEMENTATION ON WHICH WE HAD NO POSITION AT OUTSET OF NEGOTIATIONS. US DEL FURTHER INDICATED FOUR PRODUCTS ON WHICH MEANINGFUL CONTRIBUTIONS WOULD BE NEEDED BECAUSE OF DOMESTIC PRESSURES IN ORDER FOR THE U.S. TO BIND DUTY REDUCTIONS TO ZERO (TSUS 147.85, 155.40, 156.35 AND 165.55). U.S. DEL SAID NO DECISION HAD YET BEEN MADE TON STAGING OF TARIFF REDUCTIONS AND DESCRIBED STAGING AUTHORITY UNDER TRADE ACT.

3. MEXICAN DEL NOTED U.S. HAD MADE OFFERS ON LESS THAN A THIRD OF PRODUCTS INCLUDED MEXICO'S TP REQUEST LIST, AND THAT THE U.S. HAD INCLUDED 59 OTHER PRODUCTS ON THE U.S. OFFER LIST TO MEXICO. MEXICAN DEL NOTED THAT MEXICO MIGHT HAVE A TRADE INTEREST IN THESE 59 PRODUCTS, BUT MEXICO HAD NOT LIMITED OFFICIAL USE

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REQUESTED TARIFF CONCESSIONS ON THEM. GARRIDO CITED MOLASSES AS EXAMPLE WHERE LOW U.S. TARIFF IS NOT A REAL BARRIER AND CUT UNLIKELY TO INCREASE MEXICAN EXPORTS. MEXICAN MTN DE ASKED: A. IF U.S. PROPOSED THAT COUNTRIES REQUESTING CONCESSIONS AS WELL AS THOSE WITH TRADE INTERESTS IN THESE PRODUCTS SHOULD "PAY" FOR THESE CONCESSIONS; AND B. IF THE U.S. WOULD MAKE THE MFN CONCESSION IF ALL BENEFICIARIES DID NOT PAY FOR THEM? MTN DEL RESPONDED THAT IT ENGAGING IN SOME 37

BILATERAL CONSULTATIONS TO ASCERTAIN INTEREST OF REQUESTING COUNTRIES IN MAKING CONTRIBUTIONS IN CONJUNCTION WITH U.S. TP OFFER, AND U.S. OFFER WOULD HAVE TO BE EVALUATED IN LIGHT OF THE RESULTS OF THESE BILATERAL CONSULTATIONS. HOWEVER, IF MAJOR SUPPLIERS DID NOT EXPRESS INTEREST IN SIGNIFICANT CONCESSIONS.⁴ MEXICAN DEL ASKED HOW US PROPOSED TO BIND ITS TARIFF CONCESSIONS TO MEXICO AS LONG AS IT WAS NOT A GATT CP. US DEL RESPONDED THAT THIS REALLY AN IMPLEMENTATION QUESTION AND THUS PREMATURE BUT EXPRESSED PERSONAL VIEW THAT IF MFN TARIFF CONCESSIONS WERE NEGOTIATED PRIOR TO MEXICO'S BECOMING A GATT CP, THAT EFFECT OF A BINDING MIGHT POSSIBLY BE ACHIEVED THROUGH OTHER MEANS, SUCH AS BILATERAL AGREEMENT. U.S. DEL NOTED THAT QUESTION OF INITIAL NEGOTIATING RIGHTS HAD NOT YET BEEN DECIDED WITHIN CONTEXT OF TARIFF GROUP NEGOTIATIONS, AND TP GROUP NOT REALLY COMPETENT ON THIS QUESTION.

5. MEXICAN DEL INQUIRED WHY US OFFER DID NOT INCLUDE NTB'S? US DEL NOTED THAT IT WAS STILL AWAITING INFORMATION ON SPECIFIC NTB'S NOTIFIED, AND THAT BURDEN OF PROOF WAS ON MEXICO TO DEMONSTRATE ALLEGED TRADE INHIBITING EFFECT OF MEASURES NOTIFIED. US WAS WILLING TO DISCUSS NTB'S WITHIN THE TP GROUP, BUT NOTED THAT MOST OF THESE PROBLEMS COULD BE BETTER APPROACHED THROUGH ACTIONS IN OTHER GROUPS. MEXICAN MTN DEL SAID IT WOULD SEEK TO SUPPLY MORE INFORMATION ON THIS TOPIC.

6. U.S. DEL PRESENTED MEXICAN DEL WITH LIST OF MFN CONTRIBUTIONS PREPARED BY WASHINGTON AGENCIES ON 19 CATEGORIES OF MEXICAN IMPORTS THAT US IS SEEKING IN THE TP GROUP (LIST FOLLOWS BY SEPTTEL). US DEL REPEATED LIMITED OFFICIAL USE

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ITS ADHERENCE TO TOKYO DECLARATION INCLUDING PARA FIVE, OBSERVING US WAS ASKING MEXICO FOR MUCH LESS IN TRADE VALUE THEN IT WAS OFFERING. US DEL NOTED THAT IT WAS SEEKING SPECIFIC IMPORT LICENSING LEVELS ON TWO MEXICAN IMPORTS, AND AUTOMATIC IMPORT LICENSING OF OTHER PRODUCTS ON US REQUEST LIST. US DEL EMPHASIZED LIST OF CONCESSIONS SOUGHT WAS NOT A SHOPPING LIST, BUT INVITED MEXICAN DEL TO ANALYZE AND EVALUATE BOTH US OFFER AND REQUEST ON BASIS OF MEXICAN TRADE INTERESTS. US DEL REQUESTED FURTHER INFORMATION ON MEXICAN IMPORT CATEGORIES UNDER WHICH VEGETABLE PROTEINS WERE IMPORTED.

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ACTION EB-07

INFO OCT-01 ARA-06 IO-11 ISO-00 STRE-00 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

STR-04 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 FEAE-00

OMB-01 XMB-02 OPIC-03 AF-06 EA-07 EUR-12 NEA-10 OIC-02

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R 091430Z APR 76

FM USDEL MTN GENEVA

TO SECSTATE WASHDC 1377

AMEMBASSY MEXICO CITY

LIMITED OFFICIAL USE SECTION 2 OF 2 MTN GENEVA 2762

H PASS CODEL

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7. GARRIDO EXPRESSED INITIAL "SURPRISE" THAT U.S. WAS PRESENTING REQUEST LIST TO MEXICO OF SPECIFIC PRODUCTS AND STATED IT DIFFICULT FOR MEXICO TO CONSIDER CONTRIBUTION ON BASIS OF TP NEGOTIATIONS ALONE, BUT WOULD CONTRIBUTE TO MTN AT END OF DAY. HE OBSERVED THAT NO OTHER DC WAS REQUESTING SPECIFIC ONTRIBUTIONS IN TP CONTEXT, AND ASKED FOR RATIONALE OF US ACTION, WHICH HE WAS SURE WOULD BE DISCUSSED AT NEXT MEETING OF TP GROUP. HE ASKED IF US HAD REACHED DECISION TO REQUEST RECIPROCITY SEPARATELY IN ALL MTN GROUPS.

8. U.S. DEL NOTED THAT IT WAS US POLICY, CONSISTENT WITH PARAGRAPH 5 OF THE TOKYO DECLARATION, TO SEEK DEVELOPING COUNTRY CONTRIBUTIONS TO THE MTN AND TO LIMITED OFFICIAL USE

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TROPICAL PRODUCTS NEGOTIATIONS. THIS HAD BEEN MENTIONED REPEATEDLY BY U.S. DEL AT TP MEETINGS AND IN BILATERAL CONSULTATIONS. IT SHOULD, THEREFORE, COME AS NO "SURPRISE" TO ANY DELEGATION. U.S. DEL WAS NOT IN A POSITION TO SPEAK FOR OTHER DC'S, WHO PRESUMABLY WERE ABLE TO DEFER REQUESTS FOR LDC CONTRIBUTIONS UNTIL LATER IN THE MTN. THE US, HOWEVER, DID REQUIRE CONTRIBUTIONS OTHER PARTICIPANTS IN THE NEGOTIATIONS IN ORDER TO MAKE MFN TARIFF CONCESSIONS. US STATED THAT DECISION WITH RESPECT TO OTHER GROUPS NOT NECESSARY AT THIS TIME, OBSERVING THAT TP GROUP WAS CONSIDERABLY ADVANCED OVER OTHER ASPECTS OF THE MTN BEING GIVEN PRIORITY TREATMENT, AND IN THIS CONTEXT CONTRIBUTIONS WERE EXPECTED. U.S. DEL SAID THAT IT EXPECTED ITS POSITION TO BE DISCUSSED IN NEXT MEETING OF THE TP GROUP, BUT THAT IT NOT POSSIBLE FOR U.S. TO CHANGE ITS POSITION AND U.S. HOPED THAT FURTHER DISCUSSION IN GROUP MEETINGS WOULD NOT LEAD TO UNPRODUCTIVE CONFRONTATIONS.

9. IN INITIAL COMMENTS ON SPECIFIC US CONTRIBUTIONS REQUESTS, GARRIDO NOTED THAT IT APPEARED TO BE A "GOOD" LIST FROM THE US STANDPOINT IN THAT IT COVERED MANY KEY ITEMS OF MEXICAN TRADE. HE STATED THAT MEXICO HAD THOUGHT BINDING OF CURRENT TARIFFS WERE OF VALUE TO US. HE QUESTIONED US EVALUATION OF TRADE VALUES, HOWEVER, NOTING THAT LIMITED PRESENT TRADE IN THESE PRODUCTS WAS BASED ON ARTIFICIAL SITUATION MEXICANS HAVE CREATED THROUGH RESTRICTIVE LICENSING. THEREFORE, THE TRADE VALUE OF ANY CONCESSIONS, WHEN COMBINED WITH AUTOMATIC LICENSING, (WHICH HE NOTED WAS A VERY SENSITIVE AND KEY POINT FOR MEXICO), WOULD BE SUBSTANTIALLY MORE THAN THE PRESENT TRADE IN THE PRODUCT. GARRIDO SAID THAT IN LAFTA TARIFF NEGOTIATIONS, MEXICO HAD NEGOTIATED ON "TRADE EXPECTATIONS," BASED ON SUCH FACTORS AS DOMESTIC CONSUMPTION AND PRODUCTION. GARRIDO COMMENTED THAT MEXICO WAS A MILK IMPORTER, AND THAT SOME CONCESSION ON MILK AT THE END OF THE MTN WAS CERTAINLY CONCEIVABLE. GARRIDO SAID HE WOULD INFORM HIS GOVERNMENT OF THE US OFFER AND REQUEST, AND THAT THEY WOULD PROCEED TO STUDY AND EVALUATE THEM. GARRIDO ASKED WHEN THE U.S. EXPECTED A FORMAL LIMITED OFFICIAL USE

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REPLY, AND IF CONSULTATIONS COULD BE CONTINUED IN WASHINGTON AS WELL AS GENEVA. HE COMMENTED THAT MEXICO WOULD BE . . . "THROWN OUT OF THE G-77" IF IT TABLED A FORMAL LIST OF CONCESSIONS TO THE US.

10. US DEL SAID IT WAS UP TO MEXICO AND OTHER DEVELOPING COUNTRIES AS DEMANDEURS TO REPLY TO THE U.S. REQUESTS, AND THAT U.S. WAS IN NO PARTICULAR HURRY TO CONCLUDE THE TP NEGOTIATIONS. WE OBSERVED IT WOULD BE PRUDENT TO BEGIN SERIOUS DISCUSSION IN COMING MONTHS. WHILE WE WOULD PREFER TO HOLD ANY CONSULTATIONS IN GENEVA, SHOULD WASHINGTON BE MORE CONVENIENT TO MEXICO AT A PARTICULAR TIME, WITH SUFFICIENT ADVANCE NOTICE, IT SHOULD BE POSSIBLE TO CONSULT THERE UNDER STR AUSPICES.

11. COMMENT: IT IS OUR IMPRESSION MEXICO WILL EVENTUALLY ENTER INTO BILATERAL NEGOTIATIONS WITH US FOR SOME MEXICAN CONTRIBUTIONS (BUT PERHAPS NOT UNTIL AFTER JUNE MEETING OF TP GROUP WHERE THEY EXPECT ALL LDC'S TO REPEAT THEIR OPPOSITION TO ANY CONTRIBUTION BEFORE TOTAL BENEFITS OF MTN FOR LDC'S CAN BE ASSESSED). WE EXPECT MAIN MEXICAN ARGUMENTATION IN BILATERAL CONTEXT WILL BE IMBALANCE BETWEEN TRADE CREATING POTENTIAL OF U.S. OFFERS AND REQUESTS, CONTRASTING VIRTUAL CERTAINTY OF MEASURABLE TRADE GAINS FOR U.S. IF AUTOMATIC LICENSING REQUEST WERE ACCEPTED TOGETHER WITH DEEP TARIFF CUTS, WHILE SOME OFFERS INVOLVE MINOR CUTS INCLUDING ITEMS NOT EVEN REQUESTED BY MEXICO BECAUSE U.S. DUTY WILL REALLY A BARRIER (E.G. MOLASSES WITH AVE .3 PERCENT ACCOUNTING FOR OVER HALF OF TOTAL TRADE VALUE TO MEXICO). WALKER

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Message Attributes

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Draft Date: 09 APR 1976
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Disposition Approved on Date:
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Disposition Case Number: n/a
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Disposition Date: 28 MAY 2004
Disposition Event:
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